

**QUARTERLY PROGRESS  
REPORT AND FINANCIAL  
SUMMARY**

**JANUARY TO MARCH 2005**

**LOCAL GOVERNMENT  
REFORM PROJECT II/CROATIA**

Prepared for



Local Government Reform Project II/Croatia  
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## QUARTERLY PROGRESS AND COST REPORT

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### LOCAL GOVERNMENT REFORM PROJECT II/CROATIA

<b>Contract No.:</b>	160-C-00-03-00104-00
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#### BACKGROUND

The purpose of this contract is to implement the Local Government Reform Project II, which addresses the various components of the whole system of local government in Croatia. The project has five subcomponents: 1) National Policy Dialogue and Reform, 2) Advocacy of Local Government Interests, 3) Development of a Market for Local Government Consulting Services, 4) Technical Assistance, and 5) Training (study tours and public administration program development). The project is intended to assist Central and Local institutions in Croatia to work toward greater decentralization, transparency, and improved fiscal and management practices among local governments. This report is organized around the five components of the project described in the LGRP II's statement of work (with a listing of activities in chronological order).

#### HIGHLIGHTS

##### I. National Local Government Policy Dialogue and Reform

- Work was completed on the final draft of the Review of the Legal Framework (Diagnostic) that incorporated recent changes in the local government sector. This report will provide detailed review and analysis of the legal foundations of the different sectors of the local government project and identify issues requiring policy-level intervention and/or revision of legislation. It will also provide practical advice on how local governments can improve management practices within the constraints of the existing legal basis.

- Bill Kugler, LGRP resident adviser, revised the chapter on Local Government Enterprises and Service Delivery for the (Diagnostic) Review of the Legal Framework. Until now, the LGRP has not focused on the management of local government utility enterprises, which are the main providers of utility services to the public. The chapter focuses on the importance of the local utility enterprises in the delivery of local government services, and on the need for local governments to better manage and oversee the enterprises, in which they have majority ownership control, and to improve their operational and financial performance. At the onset of the project, USAID agreed to include this chapter on local government enterprises in the Diagnostic (Review of the Legal Framework).
- In March, the LGRP conducted an in-depth analysis of the legal basis for Asset Management and the practical problems experienced by local governments in Asset Management. The output will be a practical manual to help LGRP-trained consultants and local governments in addressing these problems within the existing legal framework and in providing recommendations for future legislative improvements. This work is expected to be completed in mid-summer and is being conducted by a local legal expert.
- In order to be able to provide quality technical assistance with the decentralization process to the Central State Office for Administration, LGRP management met with the well-known expert on decentralization Gabor Petri of LGI Dev in February. Gabor Petri agreed to the approach to the decentralization process that had been presented to the Government Office for State Administration and expressed interest in being involved in this work. He also reviewed and commented on the operational guidelines for the process prepared by LGRP. There were discussions about signing a subcontract with LGI Dev to assist the LGRP with advancing the decentralization process. However, since LGI Dev is a European firm, USAID would have to agree to waive the geographic codes for the project. LGRP requested that USAID/Croatia seeks a waiver. Gabor Petri will continue to communicate with the Open Society Institute in an attempt to secure financing for the first phase of his work, given that the waiver request is approved.
- In order to coordinate the efforts of different organizations to support decentralization in Croatia, LGRP met on February 24 with a representative of the United Nations Development Program (UNDP) Andrey Timofeev. UNDP is preparing a regional study on decentralization, which will include information on Croatia. LGRP informed Mr. Timofeev about the process approach and the current activities in Croatia (creation of Decentralization Commission and related work such as distributing the Decentralization chapter of the Diagnostic). Mr. Timofeev agreed to share the regional decentralization study produced by UNDP with the LGRP after it is finalized.
- LGRP representatives also met with Ritva Heikkinen, representative of the European Commission, during a joint meeting at the State Office for State Administration to discuss their common approach to decentralization. The EC plans to launch two projects: a fiscal decentralization project (with the Ministry of Finance) and a "general" decentralization project. Both parties agreed that they would closely coordinate their activities (and also coordinate activities with other donors, like the World Bank, the Council of Europe, and OSI) and work with the State Office on decentralization.



- As part of the efforts to coordinate the activities of different organizations advancing the decentralization process, the LGRP met with John Jackson, representative of the Council of Europe, in March. Mr. Jackson was briefed on the status of the decentralization process (formation of Decentralization Committee, issuance of operational guidelines, etc.). He expressed his full support of the approach and of continued monitoring of future developments in Croatia. He also committed institutional support to promote the process advanced by the LGRP with the Croatian Central Government.
- As part of its collaboration with the EC office, the LGRP provided technical input to an initial short-term "bridging" project (200,000 Euro) of the EC Delegation and to the Procurement Notice that has been issued for the longer-term Fiscal Decentralization Project (1.3 million Euro). Once the project consultants are mobilized, the LGRP will cooperate with the team to support the Decentralization Commission, but will have limited involvement in the fiscal aspects of decentralization due the size of this EU project.
- Bill Kugler, LGRP resident adviser, assisted the Budget Preparation Department of the Ministry of Finance and the EU Delegation Sector Manager for Public Administration with the design and preparation of the Terms of Reference for the 1.5-million-Euro EC Fiscal Decentralization Project (under CARDS). This project will provide technical assistance and training aimed at building the capacity of the Ministry of Finance, so that the Ministry can contribute to the work of the Expert Group for Fiscal Decentralization of the Decentralization Commission. It will initially perform an evaluation of the existing system of local and regional government financing, especially as it relates to the adequacy of financing of the current obligatory functions of local and regional governments. It will then build the capacity of the Ministry (through creating the required database and introducing the necessary methodologies) to design and propose reforms of the existing local government financing system and to evaluate the fiscal impact of proposals for devolution of additional tasks during the decentralization process.
- Maris Mikelsons, LGRP CoP, prepared a draft of the Operational Guidelines for the Office of State Administration to consider using as a blueprint of advancing the work of the Decentralization Commission. These Guidelines are intended to provide the Decentralization Commission with an organizational and operational framework. It is not expected that the Commission will meet prior to the local government elections scheduled for May 2005, since elections might change the composition of the local and regional government representation in the Commission.
- As part of the LGPR policy initiative, Maris Mikelsons traveled to Budapest, Hungary to participate in a Regional Congress of Local and Regional Government Conference (Council of Europe) that focused on decentralization. During the conference, Maris Mikelsons had an opportunity to meet with Mr. Palaric, State Secretary for the Office of State Administration, to discuss and plan an approach to advancing the decentralization agenda in Croatia. He presented the draft version of the Operation Guidelines for the Decentralization Commission to Mr. Palaric. It was agreed that the State Secretary and the Chief of Party would meet again after the conference, in order for Maris Mikelsons to present the detailed content of the Operational Guidelines.

- Maris Mikelsons also met with World Bank representative Joao Oliveira to discuss collaboration between the World Bank and the LGRP on advancing decentralization. The World Bank representative has been kept informed on all the work done by the LGRP with the Office for State Administration. During his two-week visit to Croatia, he produced a brief memorandum on how to advance decentralization from the Bank's perspective that was shared with the LGRP. Through this memorandum and in his meetings with the State Secretary of the Office for State Administration, the World Bank representative expressed his support of the LGRP's approach to advancing decentralization.

## **II. Advocacy of Local Government Interests**

### **Building the Advocacy Capacity of the Union of Association of Cities and Association of Municipalities (Savez)**

- In 2004, the focus of LGRP assistance to the Union of Association of Cities and Association of Municipalities (Savez) was on increasing the knowledge and skills of the staff in the area of policy development and advocacy, while at the same time establishing a good working relationship with both the administration and presidency of the Union. LGRP's work is focused on the following objective: Savez is an independent, professionally staffed and member-financed institution broadly recognized as a credible and effective voice for local government issues. LGRP based its strategy on the initial evaluation of the way Savez is operating. Establishing good relationships with both the administration and the presidency of the Savez from the beginning was conceived as essential for providing technical assistance to this organization.
- Activities like the LGRP policy workshop in July and the advocacy study-tour in September provided both staff and leadership with a foundation regarding the preparation of legislative agendas with representative member input, which is an important supplement to Savez's efforts to comment on specific legislation. At that point, LGRP did not attempt to work with Savez directly on communication issues because other donors (mainly UNDP) had identified this as their area of focus. However, their efforts did not progress as planned. Because of this, the LGRP decided to provide assistance in the area of member communications this year, which will support the development of advocacy activities.
- LGRP has always coordinated activities with other organizations supporting Savez, like UNDP and the Association of Norwegian Local Governments. During the coordination meetings with UNDP, Teodor Antic and Masa Kovacevic, UNDP representatives, both reported on the difficulties working with Savez during the past months. They also reported that there is a possibility for UNDP to shift their assistance to another organization. Due to resources constraints, the UNDP cannot implement as comprehensive a strategy as the LGRP is planning.
- LGRP, whose strategy of establishing good relationships with the Savez administration and presidency has proven to be good, plans to continue assisting Savez and informing UNDP of its work, regardless of UNDP's decision on the target of their assistance. There is no doubt that Savez is the only real



representation that local governments in Croatia have and advocacy of local government interests cannot be improved without this organization, despite the difficulties LGRP encounters.

- LGRP activities with Savez during the reporting period were greatly influenced by the Savez assembly held in December 2004. This assembly brought together representatives of more than 117 local governments to review their past and proposed work plans. Decentralization was the dominant theme of the meeting and the LGRP Chief of Party was asked to present the decentralization principles, including the proposed decentralization process. The overall organization of the event pointed to many areas where improvement is needed. The LGRP designed a series of mini-workshops for the staff to help them recognize the need for improvement and to work on some specific issues.
- Apart from working directly with Savez, LGRP has undertaken efforts to explain to the Central Government Office for Administration (the Office) the need to involve Savez (as the legitimate representative of local governments in Croatia) in the preparation of draft legislation, which influences local governments directly. Despite the Office's less than perfect experiences with the Savez in the past (for example, the Office criticized Savez for submitting a new draft law on local governments directly to Sabor Commission for Local Government), LGRP managed to convince the Office to recognize Savez as the organization representing local governments in Croatia. This was a major step in institutionalizing advocacy of local government interests.
- After the study tour to US, in which a representative of the Office also took part, Savez and the State Office for Administration agreed upon the need to establish a partnership and drafted a partnership agreement. Both parties communicated on the draft of the agreement leading to a final version. Four Savez representatives were appointed to the Decentralization Commission by decision of the Government of Croatia. Through this appointment, Savez will have the opportunity to directly influence Government decisions on functional and fiscal decentralization. The Office also provided Savez with the opportunity to comment on the draft Law on Local and Regional Governments prior to Government discussions of proposed legislation.
- LGRP's strategy is to work on building the organizational capacity of Savez, not only through participatory workshops, but also through assisting Savez in their daily activities, which sometimes means "pushing" for additional activities. This is the most effective type of on-the-job training. One example is the Best Practice Program. LGRP cooperated with the Council of Europe, the Office, and the Savez on the implementation of the local government Best Practice Program. LGRP provided assistance in designing stages of the Program. During the reporting period, Deputy CoP Krzysztof Chmura participated in a series of evaluation meetings, and the proposals for Best Practice were sent to the Steering Committee of the Program. During these meetings, results of evaluation visits were presented, as were candidates for Best Practice awards. The Steering Committee accepted the recommendations and decided to organize an Award Ceremony on March 18.

A proof that LGRP's strategy of training by facilitating implementation of specific activities is effective was the fact that the project manager who was hired specifically for the Best Practice Program decided to get involved in other activities of Savez.

- Through this joint advocacy effort, the Government of Croatia institutionalized the award for “Best Practice in Local Governance” whose organization will be supported by the Government. In addition, the Government has decided to establish a Local Democracy Academy whose goal would be to serve as an official training institution for local government officials and public servants. The Office, which will establish the Academy, will develop a training curriculum jointly with Savez. This collaboration was a direct result of LGRP intervention.
- In March, LGRP management accompanied by Ann Bueche met with the President of the Association of Cities Vojko Obersnel to discuss topics that would advance advocacy of the Union of Association of Cities and Association of Municipalities (Savez). The meeting started by presenting and discussing results of LGRP’s activities to support Savez such as the Association’s members survey, LGRP’s facilitation of Savez’s representation in the Decentralization Commission, and the involvement of Savez in commenting on recently proposed changes in local government law. Participants in the meeting agreed that there is good progress in building the capacity of Savez and towards the recognition of Savez as the institution representing local governments in Croatia.
- Future cooperation between LGRP and Savez will include a variety of activities, such as conducting thematic workshops/roundtables on issues raised by Savez members in the joint survey, improvements to Savez decision-making process, media outreach on Savez activities and other issues important for local governments, and an orientation for the new (post-election) presidency of Savez. The President of the Association emphasized that the majority of activities can only be conducted after local elections due to the engagement of local authorities in local election campaigns.
- Based on different experiences with various activities, such as the meeting of the Savez assembly and conclusions from meetings with other partners, Ann Bueche, ICMA Training and Communication Advisor, designed and prepared four mini-workshops focused on member services, communications, and association management specifically designed for the staff of Savez. Although Savez has received much assistance since its founding, most help has come as a collaboration on specific projects oriented towards membership (workshops, best practices, etc.) and unfortunately, it has, in a way, limited contributions to organizational capacity. There has been limited assistance directed at supporting the institutional development of the association, including the staff. Given the fact that the core staff had worked for the association when it was a top-down organization, it is not surprising that the shift to a member-driven model is very difficult.
- The purpose of these workshops was to work with the staff to help them recognize where they have room for improvements and to shift their operating mode to one that is oriented toward representing local governments, or in other words to their members. The specific goal of these LGRP workshops was to improve the ability of Savez’s staff to: (1) Present achievements of the secretariat to members and others, (2) Identify ways to improve communication with members, (3) Plan and deliver a large member conference or assembly that is informative, well received and provides an opportunity to attract the media, (4) Use information gathered through study-tours, member survey, and other sources to improve operations and programs offered by Savez.





- The mini-workshops included general communications skills for an association of local governments, like written communications (especially the newsletter, email, and the website) and face-to-face communications (especially conferences and including the annual assembly). The content of the workshops incorporated the underlying theme of how to engage members and how to best utilize their input. The sessions included specific tips on how to improve the annual assembly (providing more in-depth feedback than in December). Feedback on the quality and effectiveness of the current newsletter/magazine and website were also included. At appropriate times throughout the workshop, when discussing two-way communication with members, member input, and advocacy development, reference was made to the results of the survey that had been completed in early fall 2004 (the members survey provided valuable information, for example about their expectations from the Savez).
- The workshops were held in February, over four separate days. Each day focused on a different topic, as follows: Day 1 on Member Programs (services), Day 2 on Communications (with members, others; written and face-to-face events), Day 3 on Conference Management, and Day 4 on Association Management. During the workshops, the staff defined their core member service and evaluated the quality of service delivery. The score that they gave each service was surprisingly high, reinforcing the fact that in their opinion, the services they provide do not need to be improved. (It could also mean that they may not want to admit that things should be better). However, through further exploration and exercises on specific topics, it was later concluded by the participants that there were areas that should be improved and would benefit from some assistance.
- The LGRP also worked with Savez on the question of differentiated treatment of non-members, dues-paying members, and non-dues-paying members. Generally, the dues are paid on a regular basis and Savez doesn't have major financial problems. The Savez staff reported that their approach is not to charge for services and, when there are events, non-members and members are both invited and have an equal chance to attend. In addition, all local governments receive the bulletin – whether or not they are members. The rationale presented is that in order for Savez to advertise itself to all local governments and to convince them to become members, they must reach out to everyone.
- Savez staff was encouraged to consider ways to still reach out to non-members, while beginning to differentiate between the two. LGRP staff suggested that one way to differentiate would be to introduce a fee to attend events for non-members and to make sure the invitations clearly show there is a benefit to members and/or to say that after a specified date in the near future only members would be invited or a fee for non-members would be established. Or, have non-members pay the full cost and members pay a discounted cost for training or publications. The important thing is to not address all local governments as the same when the organization is supposed to be member-driven and fee-based.
- An important outcome of reported mini-workshops was that now that Savez has requested the assistance (which is very significant) – demand-driven – they are more likely to contribute to sustainable progress. Based on that work and other meetings, the future activities were defined. Some of the major areas are as follows:

- Organize thematic roundtable discussions to further explore issues important to local government; through these discussions, Savez can inform their representatives on the Decentralization Commission and initiate development of policy statements.
- Review/study prior to next annual assembly: how other associations elect/identify their board, how decisions are made within the policy process, and who decides, what is the process? LGRP is committed to assisting Savez in this work and has proposed to provide concrete examples from several associations and to recommend options to Savez. This will contribute to assistance in the area of association management.
- Help with improving their ability to conduct media outreach activities.
- Work to expand and make more effective the Annual Assembly so that members are able to contribute more, discuss with one another, and so that the event is ready for media attention.
- Preparation for and hands-on help with defining and articulating the roles and responsibilities of the new board, including looking at the future of Savez.
- Provide direct assistance to the Savez secretariat on communications, member services, and association management.
- Support/help from LGRP to identify good consultant/trainers – maybe even LGRP staff – which may be able to contribute to newly elected officials training and/or other presentations to their members.

### **Advocacy Through the Media**

- In order to better utilize the media in advocacy for local government interests, LGRP took the initiative to train journalists on local government issues. After successful round tables with journalists conducted at the end of 2004 (in Zagreb and Split), which enabled the LGRP to identify issues related to reporting on local government, LGRP decided to conduct a workshop for journalists. In January, LGRP met with Teodor Antic, United Nations Development Program (UNDP), on cooperation in organizing a workshop for journalists. A general approach for the workshop was presented and discussed. UNDP tentatively agreed to take responsibility for designing and conducting part of the workshop. LGRP agreed to send UNDP an example of a design prepared in an experiential learning cycle methodology and UNDP agreed to draft some training materials.
- As a follow up to the ongoing meetings with UNDP, preparation of the workshop for journalists was finalized. After reviewing examples of training materials provided by LGRP, UNDP agreed to prepare one of the sessions and develop draft case study. All participants agreed to conduct the workshop for journalists at the beginning of April. The workshop is organized primarily for journalists and is conceived as a two-day (two half-days) event, in which the participants will actively participate in defining the functions and roles of local government in relation to the Croatian system of public administration (local, county and state level), clarify their role as journalists in informing and educating citizens about local government functions and responsibilities, and plan how they will inform the general public about the upcoming local elections in May 2005.



### **III. Development of a Market for Local Government Consulting Services**

#### **Assistance to the Association of Local Government Consultants (HUKON) - Developing HUKON's Role in the Consulting Market**

- In order to strengthen the consultancy market and the Association of Local Government Consultants (HUKON), LGRP met with the Association's Secretary Antun Vidas on potential cooperation between HUKON and LGRP in February. The Secretary presented his ideas for cooperation and invited LGRP management to the Management Board meeting to discuss HUKON's strategic plan and potential cooperation.
- In February, LGRP management accompanied by Kathy Allison, TRG consultant, participated in a meeting of the HUKON Management Board. HUKON representatives presented their Strategic Plan and indicated areas, in which HUKON wants to cooperate with LGRP (e.g. securing financing for the organization, development of quality standards, logo, and development of a website). LGRP expressed willingness to support HUKON as an organization, which would institutionalize the local government consultancy market.
- In March, LGRP management met with HUKON Secretary and President to discuss the organization of a meeting of consultants. LGRP proposed to conduct this meeting on April 19. LGRP and HUKON representatives also discussed and agreed on the general agenda of the meeting to include discussion on ideas to enhance the consultancy market and to include the HUKON Annual Assembly (including adoption of strategic plan, code of ethics, etc.) as part of this general meeting of all LGRP-trained consultants. Next steps in the organization of the event were agreed upon, as follows: finalization of the agenda, logistics, and selection of materials to be sent to consultants. Later in the month, a follow-up meeting with Antun Vidas was held. During that meeting, a final draft of the meeting agenda was agreed upon. The approach to invite all consultants to both parts of the meeting, including HUKON's Assembly, was also discussed and agreed upon.

#### **Enhancing the Consultancy Market**

- In order to enhance the consultancy market in the citizen participation sector, LGRP discussed internally the consultancy market strategy for the Citizen Participation (CP) Model on January 26. The discussion started with analysis of the results of the current Cost-share Program (CSP) in the CP Model, both from the demand and supply side of the consultancy market. Conclusion of the discussion provided proposed solutions to improving both sides of the market: demand and supply. On the demand side, proposed strategy included more intensive promotion of the CP Model to local governments. The main focus of LGRP's work should be on increasing local governments' understanding of the benefits of the model, which should increase their level of interest and demand for the model. On the supply side, proposed strategy by the LGRP included one-on-one discussions with each consultant to assess their motivation, needs and interest to increase their participation in the CSP. In order to better understand the current situation, one of the proposed solutions is to begin the

process of “evaluating” consultants (focusing on less active) by calling them individually and finding out whether and to what extent they plan to be active in the local government consultancy market.

- LGRP Task Managers for the areas of asset management, information management, economic development, financial management and citizen participation (five existing models, in which consultants were already trained) analyzed and discussed the consultancy market during an internal retreat for LGRP staff. Each technical team analyzed the current situation, for example creating a list of active, less active and not active consultants. Then LGRP task managers presented a proposal of activities for each technical area with the goal of enhancing both the demand (for example consultancy regional fairs) and the supply side (for example follow up training of consultants) sides of the consultancy market. The outcome of that discussion was intended to be further discussed with consultants and USAID.

### **Monitoring and Assistance to LGRP-Trained Consultants**

- LGRP continued working on enhancing the capacity of citizen participation (CP) consultants by organizing a citizen participation consultants meeting on January 19 to enable an exchange of experience in implementing CP Model in local governments and provide consultants with additional guidance. Prior to the event, the CP Team developed the design of the exchange of experiences for the CP consultants and prepared materials for consultants. The results and conclusions of the seminar were as follows:
  - Consultants exchanged information on the CP implementation status and development with their colleagues and were informed on the results and development process within LGRP's direct assistance in Rijeka, CP cluster, Koprivnica and Hrvatska Kostajnica. They were also informed on LGRP CP orientation seminars in Dalmatia organized by the Office in Split.
  - Consultants identified challenges and problems in their work within the Cost Share Program and also in CP implementation
  - Consultants learned how to report on their results using numerical indicators (number of citizens informed, communicated and participated in local government activities)
  - Consultants developed a list of ideas and proposals for further improvements in work with local governments and in the CP Model methodologies and tools: (1) design a new tool or set of tools: “Active MO” (Mjesni Odbor – neighborhood councils) as a systematic technical response to the increasing demand from local governments throughout Croatia that face serious problems in their communication with citizens caused by inactive neighborhood councils, (2) design “Public Spaces Planning” partnership tool – a sophisticated CP tool (combining in one systematic set of tools similar to the Citizen Survey tool), (3) organize an Orientation Workshop on LGRP and CP in Šolta, a municipality on an island close to Split, in collaboration with our office in Split; (4) organize “Knowledge Fair” (Show and Tell) to give consultants an opportunity to promote their knowledge and share the results of their work with local governments. It would also be an opportunity to increase the demand for consultancy services and improve the chances for a developed consultancy market; (5) design “Writing Project Proposals” Workshop for local government representatives and CP task groups; (6) discuss a revision in the text of



consultants' contracts with local governments that related to the local government's obligation to implement chosen tools being stated more clearly.

- In order to maintain the high quality of CP consultants working under Phase II of the LGRP Cost-share Program, the LGRP CP Team focused on monitoring and follow-up communication with CP consultants throughout the entire quarter. They maintained regular communication with our most active consultants and provided assistance where it was needed, e.g. with citizen surveying, youth councils. The CP team also communicated with less active consultants to assess their level of interest and the type of support that they needed. Consultants working in Dalmatia were supported by the Split office.
- In its communication with consultants the CP team discussed the current work of our most active consultants. Lidija Pavic-Rogošić negotiated a new contract in Kistanje on transparent financing and competition for NGOs. Borka Metikoš conducted two workshops on public space evaluation and development with different sector representatives. Andrea Kralj and Zdravka Vuckovac continued their work in Zabok on the Youth councils and also in Koprivnica. Anton Vidas continued his work on the design of a Citizen Survey Questionnaire and survey administration organization in Slatina. The CP team assisted him with presenting the draft questionnaire and training for administrators (secondary school students). Vjekoslav Radišić extended his CP implementation plan in the municipality of Marijanci and focused on a partnership program between youth NGOs and the local government, which includes opening a youth activity center as a joint project both in financing and program development. Milan Rapaic continued his work on the design of a Citizen Survey Questionnaire and survey administration organization in the municipality of Donji Lapac. Some less active LGRP-trained consultants are also making progress. Milan Bijelic signed an initial contact with Karlovac and was preparing for a meeting with the Mayor. The CP team helped him develop a strategy for approaching the Mayor of Karlovac and negotiate a contract for the implementation of the CP Model. Sanja Kumpar was focusing on the process of negotiating contracts with a number of local governments in Dalmatia (Nin, Knin, Šibenik, Ploče). Six local governments in Dalmatia expressed interest in the CP Model (Jasenice, Primošten, Dicmo, Kaštela, Podstrava, Starigrad) and finally signed contracts as a direct result of LGRP's seminars conducted in the Dalmatia during the previous quarter.
- Public spaces methodology is one of the most effective citizen participation tools. In order to advance its implementation, the LGRP worked with a group of citizen participation consultants and interested organizations. After discussions with CP consultants and partner organizations (Project for Public Spaces, OGI, and ODRAZ), a planning meeting was organized in beginning of March to identify potential interest in public space methodology. During the meeting participants agreed on the following next steps:
  - Organize a meeting to assess the interest in and need for advancing the methodology into one of the most used tools of the Citizen Participation Model
  - Organize a planning meeting to develop a strategy for public spaces (including training, resource material, manuals, implementation in local communities etc.)
- The CP team provided individual assistance to CP consultant Borjanka Metikoš with the implementation of the public space development methodology. The LGRP-trained consultant was assisted in designing a strategy to develop four public spaces in Glina. The CP team monitored a

working group meeting organized and conducted by Ms. Metikoš and then her assistance to the working group in developing an action plan and listing potential partners and in preparing designs for all four spaces. LGRP also secured consultations with Steve Davies, Project for Public Spaces, on designing public spaces in Glina.

- On March 14, the CP team conducted an all-day planning meeting on public spaces for CP consultants. The meeting started with a presentation of the results to date (presentations, workshops, the project implemented in Rijeka and Slatina, trained consultants etc.) The participants assessed the needs of CP consultants in this area and the challenges they encounter, specifically results, problems, factors of success and solutions. They emphasized the need for small grants for implementation, more promotion in media, advanced training and promotional and training materials. The final result of the meeting was the development of an action plan to enhance this CP tool through September 2005. The main elements of the action plan are: (1) translate material on public spaces (Mirna Karzen's research paper) and prepare a draft training manual, (2) prepare a simple brochure with success stories (with the Project for Public Spaces taking the lead), (3) prepare three workshops in April (Osijek, Zagreb and individual consultations with Steve Davies from PPS), (4) organize a promotional/planning meeting with potential partners and donors the end of May (AED, EU, National Foundation for Civil Society, etc).
- In March, the Citizen Participation team of Momo Kuzmanovic and Mirna Karzen and the Split Office assisted CP consultant Sanja Kumpar and her team in presenting and negotiating contracts in Dalmatia. The LGRP was not directly involved in either, but helped the consultants prepare the strategy and the necessary documentation. Sanja Kumpar had great success in contracting two Dalmatian local governments for the Model (Primošten and Podstrana) and helped two other consultants (Milan Bijelic and Branislav Vorkapic) in securing contracts with Nin, Omiš and Šibenik. Five contracts for the CP Model in Dalmatian cities and municipalities is a great outcome of the series of orientation seminars and workshops held in Dalmatia followed by meetings with several mayors.
- In March, the CP team also assisted CP consultant Anton Vidas with the implementation of the Citizen Survey tool in the City of Slatina. Assistance focused on the final draft of a questionnaire, which was discussed with the students who would be conducting the survey, the CP task force and the Mayor of Slatina. The consultant ensured full Mayor's and secondary school principal support in organization and implementation of the survey. CP team assisted consultants in organization of two trainings for the Citizen Survey interviewers (secondary school students). During the training, survey methodology and benefits were explained to students and teachers and detailed guidelines for the interviewers were presented. Participants were also encouraged to discuss questions in the questionnaire. During the last week of March, more than 50 students started their visits to households in the City of Slatina and the surrounding villages with about 600 questionnaires.

Anton Vidas was also assisted in the implementation of the Youth Council tool in the cities of Slatina, Oroslavlje and Donja Stubica. The Youth Council implementation process in Donja Stubica, Oroslavlje and Slatina reached its final phase: voting for representatives in youth councils was completed in all three cities with more than 1000 young people involved (230 in Donja Stubica, 750 in Slatina and more than 200 in Oroslavlje). The activities in these three cities provided the LGRP with very good experience in enhancing this important citizen participation tool.



- Vjekoslav Radišić was another CP consultant who was individually assisted by the CP team. Vjekoslav Radišić has finalized the first phase of the implementation in the municipality of Marijanci and extended his existing contract upon the local government's request. He also signed a second CSP contract with the City of Požega, which made him one of the most active consultants. The CP team was focusing its assistance on issues requested by the consultant, including the preparation of an extended contract with Marijanci and a new contract with Požega.
- As of 31 March, the deadline for contracting under the Cost Share Program II (CSP), LGRP-trained consultants signed 42 contracts with 46 local governments to assist with the preparation of local Economic Development Strategic Plans (EDSP). This is the most popular of the LGRP management models under CSP II. While many of the local governments will complete and adopt their EDSPs prior to the May elections, a substantial number will finalize them during the summer and those contracted just prior to the CSP deadline will be in progress until the end of the year.
- Because of the large number of CSP contracts for the Economic Development Model and in order to maintain the high quality of ED consultants working under Phase II of the LGRP Cost-share Program, the LGRP ED Team focused on monitoring and follow-up communication with consultants. Starting in the previous quarter, it became necessary to implement a more elaborate system of monitoring, evaluation and on-site technical support to the 16 active ED consultants working under 42 CSP contracts. In January, Senka Ramic became a full-time LGRP staff responsible for this monitoring activity. She has implemented a program of on-site monitoring and evaluation of the consultants' performance through attending and participating in various Task Force meetings and presentations to the city administration, public hearings and presentations of draft EDSPs to the local government councils.
- By the end of March, Ms. Ramic made 15 monitoring trips to workshops of the following CSP consultants: Alan Djozic, Vlatka Kutnjak, Nikola Anic, Tomislav Lnenicek, Josip Bacinger, Drazen Vujcic, Marija Raos, and Nives Radeljic. At the end of each of these on-site meetings, she evaluated the consultant's performance and made suggestions for improvement both in the technical content and in the consultant's facilitation skills.
- In addition to on-site visits, the monitoring and evaluation activity also included reading and reviewing draft materials received from the ED CSP consultants. In particular, this included detailed reviews of draft EDSPs of Bednja, Zdenci, Cadavica, Ludbreg and Štefanje and preparation of comments and suggestions for improvement.
- Based on the findings during the monitoring and evaluation, it was concluded that all ED consultants would benefit from additional training in facilitation. On February 16, the LGRP ED team conducted an all-day event for ED consultants, in which all 16 active ED consultants participated. LGRP training expert Kathy Allison (TRG consultant) also attended the training and provided advice to consultants on how to improve their presentation skills.

- 75 EDSPs are now being implemented or will be implemented soon. LGRP anticipates the demand will keep growing in the future and is preparing the ED team and CSP consultants to be able meet these demands.
- Firstly, finalizing the Guidelines for Monitoring and Updating EDSPs was seen as an important step in the preparation process. Effective monitoring helps assess (1) how actual implementation is proceeding, (2) whether implementation is moving the community toward its goals, and (3) whether the plan needs revisions to make it more realistic or to keep it current. An ongoing cycle of monitoring and subsequent updating keeps the EDSP relevant in a changing environment and maintains the strategic approach to local economic development. The Guidelines have been prepared by Pat Dusenbury, ED Specialist, and Vesna Tomasevic, LGRP ED Task Manager, and are based on extensive research of international practices, adapting these practices to Croatian local governments and discussions with local ED consultants through individual and group meetings. The Guidelines have been finalized and are now being printed. They will be distributed among local ED consultants and all local governments in the next quarter.
- Secondly, the LGRP economic development team (Bill Kugler, Vesna Tomasevic, and Senka Ramic) along with LGRP's subcontractor WSI prepared a draft Guideline for Local Government Support of Agriculture-related Development. They submitted this document to USAID in January 2005 and sought approval to send it to the ACE and RIEDA projects for comments, corrections and suggestions prior to disseminating it to local governments and local consultants. This guideline provides practical information to local governments on current and expected trends in the agricultural sector, especially as it relates to the anticipated impact of EU accession on Croatian agriculture. There is also information on technical assistance, training and financial resources available to local governments, NGOs, associations, and individuals through central government programs, local institutions, and donor-financed projects (like USAID's ACE and RIEDA projects) in implementing interventions included in their EDSPs. The LGRP is waiting for USAID approval to send this draft Guideline to concerned parties and projects for comments. Following subsequent revision and approval, this first Guideline will be disseminated, and work will proceed to develop a Guideline on Local Government Support of Entrepreneurship and SME Development (in cooperation with the ESP Project), followed by a Guideline on Local Government Support of Tourism Development.
- Under the Cost Share Program II, LGRP-trained ED consultants instituted groundbreaking work in Pasman and Ugljan islands for a joint economic development strategic plan (EDSP) for five municipalities. The joint Economic Development Strategic Planning TF workshops included representatives of 5 different municipalities (Kali, Preko, Tkon, Kukljica, Pašman) on the islands of Ugljan and Pašman. The sixth ED TF workshop was organized on March 9, 2005 in Kali on the island of Ugljan, in the open space of the Kali-Tuna facility. The event was attended not only by LGRP ED specialists, but also by journalists from different newspapers and reporters from Zadar Radio Station and HTV – Croatian Television. The journalists and reporters were informed about LGRP and EDSP. Mayors of all five Ugljan and Pašman municipalities were present, as well as many local businessmen (hotel-owners, caterers, fishing-boat owners) and other entrepreneurs interested in this project. The first part of the meeting, open to the media, provided the organizers' clear vision of islands reaching economic development in several years, based on existing resources and work force.





By the end of March, nine meetings had been conducted, each organized by a different municipality. During this period, the Task Force created a vision of future development of their municipalities and conducted SWOT analyses. Taking into consideration SWOT results, the Task Force members recognized 4 critical issues related to the development of tourism, infrastructure and agriculture. (Workshop on April 11, 2005).

This is the first case of cooperation between several municipalities in the process of EDSP development. This experiment is expected to lead to future cooperation between local governments in developing joint EDSPs. Cooperation can be especially beneficial to local governments who have limited resources and are unable to develop and implement an EDSP by themselves.

- On February 24, ED Task Manager Vesna Tomasevic and Senka Ramic met with Nenad Klapcic and Gorana Fucko from UI's Split office to agree on an agenda for the planned presentation of the ED model to local governments throughout Dalmatia during two one-day-seminars planned for the next quarter.
- The LGRP conducted one training event for LGRP-trained consultants in the area of economic development during the quarter. The LGRP economic development team reviewed results from field monitoring and conducted training to improve facilitation skills that are much needed to guide the local economic development task forces in their work to create an EDSP.
- In order to adequately monitor and evaluate the performance of the vastly increased number of IM consultants without having to hire additional LGRP staff, the IM Task Manager Miljenko Šmit has designed and implemented a Quality Monitoring Program. The Program consists of seven steps that secure quality implementation and usage of the implemented model:
  - The first step is checking the implementation matrix, which ensures that the formal implementation process is followed in detail. Any variance from the standard process could result in malfunctioning of the system and poor usage.
  - The second step is checking according to the matrix of "technical control of e-government system". Checking covers a long list of technical functions. The result of final checking should be complete functionality of the system. Each problem that is detected should be solved by the consultant or the LGRP IM team, depending on its complexity.
  - The third step is remote control by the IM Task Manager. Each consultant provides, for a limited time, remote access to the LG e-government system to the Task Manager, so that he or she can review the organizational and technical aspects of the system.
  - The fourth step is checking according to the "Matrix of education". In order to ensure quality usage of the system, consultants must educate users about the four levels of system usage. The Matrix provides a list of people educated at each level and their responsibilities. Information should be used by the LG to better organize its daily activities and functions.
  - The fifth step is checking with the survey "evaluation of system usages in LG". This survey should be used several times in the year, as its results show the level of e-government usage in each local government. By analyzing the survey, with or without consultants' help, local government become aware of organizational, services and democratization shortcomings. According to results of the survey, they should create a plan to raise usage to a higher level.

- The sixth step is the final report submitted by consultants right after the official opening of the system. The report should provide information on previous steps and detailed descriptive information on any specific problems, if applicable.
  - The seventh step is software-implemented automatic monitoring of installed e-government systems. This includes a number of counters, which monitor communications and document traffic through the system, both at the Intranet and the Internet level. The consultants have an obligation to make agreements with local governments to provide the results of automatic monitoring and then reset the system on a quarterly basis. This information provides data for a quarterly cost-benefit analysis of an e-government system, which is used by LGRP to report indicators to USAID.
- A Workshop for all IM consultants was conducted on March 11 with the goal to introduce the substantial technical improvements that have been made to the basic internet-intranet e-government model, to plan how these improvements should be installed in the local governments currently using earlier versions of the system, to plan how to train the local government staff and to introduce a new Quality Control system for monitoring the performance of LGRP-trained consultants. Improvements are divided in three categories according to their goals and results that they achieving.
    1. In the first category are the technical features that provide new organizational functions, new services and new participation capacities.
      - a. New chat server, support for several systems from the same server (working with cluster)
      - b. New chat functions, allowing virtual work of different task forces and groups
      - c. New tracking system for all Intranet users; alerting users on any changes for his concerns and responsibilities
      - d. Organizational monitoring system, provide information of individual of working performances of all subjects; measuring time, tasks, documents etc.
      - e. Automatic monitoring system to provide basic foundation for costs benefit analyses
      - f. Public Budgeting feature, for public participation in preparation of the budget
      - g. Project console feature for Intranet and Internet usages
      - h. Help-manual HTML system
      - i. Quality control system
    2. The second category covers technical improvements and upgrades of existing technical functions
      - a) New coding 90 % of existing model, resulting in faster functions and usages on different platforms
      - b) Changed more than 50 visual and functional elements
      - c) Modification of W3C compatibility
      - d) Services application for DNS update
    3. The third category was created to lower usage costs and increase system security
      - a. ASP upload coding, fix of MD% algorithms, increase of security and speed
      - b. Encrypted security system
      - c. Duplex system, allows fast functionality of the model even without broadband connectivity
      - d. A download facility was created so that local consultants can download from the Internet the latest configurations of the three versions of the model. This feature will allow the local consultants to keep abreast of the latest versions on a day-to-day basis and provide the latest versions with updated features to client local governments.



As a result of the workshop, all consultants became familiar with the new model, usages and implementation policy.

- In addition to supervising the work supported by CSP contracts, the AM Task Manager has provided limited technical assistance to other work being conducted on a pure commercial basis. This purely commercial arrangement in the City of Pula (60,000 inhabitants), is the remarkable result of the work of CSP consultants trained for the implementation of the Asset Management Model, as an extension of their previous contracts under the CSP I in the fall of 2003. The implementation of the AM model there is divided into four stages over a two-year period, with estimated investments significantly exceeding 1,000,000 Kuna. In stage two of the model implementation, consultants proposed organizational changes and developed custom software interface, to improve linkages between computerized databases of the Communal and Accounting Departments. This organizational change and software application support the implementation of the AM model, but are an extension and further development of the AM model, specific to the needs of the City of Pula. It is expected that other CSP consultants would be capable of making contracts on a purely commercial basis in the near future as well.

## **Phase II of the Cost-Share Program**

- Nineteen local governments have entered contracts with LGRP-trained Information Management consultants under Cost Share Program (Phase II). Three major training events were conducted in January, February and March for information management (e-government) consultants to introduce the substantial technical improvements that have been made to the basic internet-intranet e-government model, to plan how these improvements should be installed in the local governments currently using earlier versions of the system, to plan how to train the local government staff and introduce a new Quality Control system for monitoring the performance of LGRP-trained consultants.
- Eight local governments are now implementing the Asset Management model supported by the CSP II with continuous monitoring, evaluation and technical support by the LGRP AM Task Manager. LGRP-trained consultants (working under subcontract with local a firm) signed just prior to the March 31 deadline include those with the Cities of Šibenik and Porec, both with substantial assets. As well, the City of Porec is now included in LGRP work, having just withdrawn from participating in the LGRP Twinning Program.
- Nineteen local governments finalized contracts with LGRP-trained citizen participation consultants who are now implementing the CP model under Phase II of the Cost Share Program. The LGRP is monitoring and supporting these consultants in their work with local governments. The local governments that decided to utilize LGRP-trained consultants are: Slatina, Pozega, Donja Stubica, Marija Bistrica, Glina, Krnjak, Marijanci, Kistanje, Udbina, and Donji Lapac. Five of the local governments are from Dalmatian region and contracted with these consultants as direct result of LGRP seminars conducted in the region at the end of 2004. These Dalmatian local governments are: Šibenik, Omis, Nin, Primosten, and Podstrana.

- As of 31 March, the deadline for contracting under the Cost Share Program II (CSP), LGRP-trained consultants signed 42 contracts with 46 local governments to assist in preparation of local Economic Development Strategic Plans (EDSP). This is the most heavily subscribed of the LGRP management models under CSP II. Because of the large number of contracts, the LGRP implemented a more intense approach to monitoring, evaluation and on-site technical support of the LGRP-trained consultants, allowing LGRP to ensure adequate quality control of the 16 active consultants trained to implement the economic development (ED) model. While many of the local governments will complete and adopt their EDSPs prior to the May elections, a substantial number will finalize them during the summer and those contracted just prior to the CSP deadline on 31 March will be in process until the end of the year.
- Ten local governments finalized contracts with LGRP-trained financial management consultants who are implementing the Financial Management model under Phase II of the Cost-share Program. The local governments that decided to utilize LGRP-trained consultants are: Glina, Dubrovacko Primorje, Ston, Kutina, Omis, Zdenci, Crnac, Vojnic, Bosiljevo and Novska.

#### **IV. Technical Assistance**

- LGRP management met in February with the Mayor and Secretary of the City of Rijeka to discuss activities in the areas of citizen participation (CP) and economic development (ED) and an evaluation of these activities and set directions for future cooperation. LGRP and City Officials discussed potential areas for continued work on economic development, including a Regional Development Agency and an update of the ED Strategic Plan. Implementation of the NGO Charter, the MU:V Partnership Program and community foundation were discussed as potential areas for cooperation in citizen participation.
- In order to enhance direct assistance in the City of Karlovac, LGRP management met on March 17 with Mayor of Karlovac. At the beginning of the meeting Mayor expressed his gratitude and satisfaction with the implementation of the Asset Management Model and for the LGRP Twinning Program collaboration. The Mayor initiated discussion of a possible second model for direct implementation and expressed interest in the LGRP Economic Development and Citizen Participation models. The Mayor decided to choose Economic Development as second model to be implemented in Karlovac with direct assistance from LGRP and was willing to implement the Citizen Participation Model through the Cost-Share Program. He agreed to host a presentation of the Citizen Participation Model by an LGRP-trained consultant.

#### **Citizen Participation (CP)**

- Direct technical assistance to Partner Local Governments for the preparation of Citizen Participation Plans is proceeding according to or ahead of schedule.
  - Through the quarter, LGRP continued its technical assistance to the citizen participation (CP) cluster municipalities. This work centered on providing assistance to municipalities in preparing a draft CP Plan. Topusko has finalized the Plan and adopted it at a recent meeting of its Council. Dvor and Donji Kukuruzari are in the process of finalizing the Plan and some



products (e.g. a budget-in-brief and a draft newsletter in Dvor, and brochure and a budget-in-brief in Donji Kukuruzari). In Hrvatska Dubica, the Council adopted a decision on establishing the new position of information officer in the municipal administration, with the long-term task to improve information to citizens. Jasenovac is close to finalization of a Budget-in-Brief and its CP Plan. Jasenovac and Majur proceeded with additional cooperation in developing joint project activities (e.g. agricultural cooperatives).

- In assisting cluster municipalities, the need for training in public relations was identified. The LGRP citizen participation (CP) team and the LGRP media specialist prepared a “Public Relations & Local Governments” workshop. Several municipalities and City of Hrvatska Kostajnica were invited initially, and additional interest in participation was identified in other local governments. The Topusko municipality assisted in organizing the workshop. The workshop agenda included the following topics:
  - The ABCs of PR (PR and information demands at the community level),
  - Public relations tools (press conference, press kit, press tour, events),
  - Press releases,
  - How to organize a press conference, and
  - Summary and follow-up steps, including LGRP assistance.
- The Public Relations & Local Governments Workshop was conducted on February 8 in Topusko. The workshop was attended by representatives from the LGRP citizen participation cluster task groups from six municipalities, the City of Hrvatska Kostajnica and four mayors from other local governments. Participants of the workshop learned the most important terms of public relations and its specific role in local governance, and gained basic skills needed for successful implementation of two PR tools: press releases and organization and facilitation of press conferences. Participants voted on the results of small groups exercises for “the best press release” and “the best press conference” award. The press conference exercise was recorded on digital video camera and was made available for reviewing on DVD discs, prepared for each local government, which will serve as additional training material to be utilized by participants of the workshop.
- LGRP management met in February with representatives of the USAID-funded CroNGO project to discuss results of the two projects’ cooperation and next steps. One result of their cooperation was a change in the CroNGO Community Partnership program to include a public space grant program.
- On March 23, LGRP participated in the Donors Forum, a forum of organizations involved in civil society. One participant presented three different NGO sustainability indices (Soros, USAID and CERANEO), and participants discussed a strategy for advocating for change to the decision on NGOs paying VAT on foreign donations.
- In March, LGRP representative Mirna Karzen participated in a two-day conference on Community Development and Mobilization at the Ribnjak Youth Center in Zagreb, organized by the NGO MAP. During the conference, Ms. Karzen participated in the round table on

"Education for Community Mobilization" and introduced the LGRP's educational and training programs, such as the Cost-Share Program, public administration courses at Rijeka University and direct assistance to local governments. She also facilitated the thematic group on "Public Space Development" and presented a community based development methodology to over 30 participants, including a discussion of experience in Croatia (Rijeka, Slatina, etc). The conclusions of the conference include the need to bridge the gap between institutionalized and non-institutionalized educational programs in Croatia.

- In March, the Citizen Participation team facilitated a one-day training on citizen participation during a three-day workshop organized by the NGO Center for Peace from Osijek for local government activists from Osijek. The LGRP team introduced the project as a whole, its components and the LGRP Citizen Participation Model. Participants of the workshop expressed their interest and willingness to implement some LGRP tools in their communities such as a Newsletter, Budget-in-Brief and conducting Public Hearings.
- In order to promote the results of implementing the citizen participation model in cluster municipalities, the LGRP CP team organized a seminar for municipalities to present the results through an exhibition of products (brochures, newsletters, etc.) and oral presentation. LGRP CP expert Momo Kuzmanovic participated in CP cluster task forces meetings in Majur, Sunja, Hrvatska Dubica and Mirna Karzen attended the meetings in Jasenovac and Dvor, Topusko and Donji Kukuruzari. During those meetings, the CP team assisted Jasenovac, Majur, Sunja and Donji Kukuruzari in improving their draft Citizen Participation Plans for the presentation and adoption on municipality councils.
- A celebration of implementation of the LGRP Citizen Participation Model and its products took place on March 22 in the LGRP offices in Zagreb. Seven municipalities presented their products and results in improving information, communication and partnership with citizens. They exhibited products and presented their achievements and plans in that area. Before the adoption of the CP Plans, each had completed at least three short-term interventions, and some municipalities had undertaken a dozen activities to improve citizen participation in their communities. The most significant change has been in providing information on important community issues and delivering information to citizens; information leaflets, brochures and newsletters had been distributed to all households. All municipalities confirmed their readiness to ensure sustainability of these activities and will use their CP plans both as policy documents and practical implementation tools. During the ceremony USAID's Tom Rogers gave plaques and a gift flip chart to all local government representatives to recognize their efforts in implementing the CP Model.

In order to launch implementation of the CP Model in the City of Koprivnica, the citizen participation team finalized an implementation matrix with a focus on youth, and proposed activities related to that topic, such as workshops on youth councils and an NGO fair. The matrix was a basis of a scope of work for LGRP-contracted consultants. The CP team advised these consultants in preparing for the Koprivnica orientation seminar, which was held on February 14 to launch the implementation of the Citizen Participation Model. The first orientation seminar for a wide audience of 60 community representatives and NGO leaders.



LGRP-contracted consultants presented the CP Model and facilitated a discussion to provide a basis for initiating implementation of the model. The seminar was also attended by LGRP training expert Kathy Allison (TRG consultant) to observe and provide feedback to consultants. City government representatives and participants confirmed their interest in implementing the CP model with a focus on the role of youth initiatives, organizations and councils. The event was reported in local and regional media and on the City website. Because there is a relatively advanced civil society sector in citizen, only one more orientation seminar will be organized to give an opportunity to citizens from various organizations and civil society groups to contribute to CP workshops.

- After successful conducting a citizen survey in Hrvatska Kostajnica, LGRP organized a public hearing to present the results of the survey to the community and city staff members and councilors (the plan to present it to the wider public was postponed because the Mayor was not available). The continuation of the LGRP collaboration to introduce the CP Model in Hrvatska Kostajnica was postponed until after the local elections, when a public hearing on citizen survey results will be organized with the City.
- LGRP assisted the City of Rijeka task force on developing a community foundation to finalize the new program for 2005. The LGRP and City officials presented the structure of MU:V 2005-2007 to the community foundation working group, and based on the working group's comments, revisions to the program plan were made. The task force agreed to: (1) Present the new program to develop a community foundation to the Mayor and City departments and (2) Present the community foundation concept to different donors and potential partners.
- LGRP continued to assist Rijeka in implementing a NGO charter. The LGRP citizen participation team prepared material for the next Plenum (meeting of representatives of all NGOs) including the criteria and the application material for the members of the Coordination committee, which is the coordination body for civil society activities established by the adopted NGO Charter. The acceptance letter to the NGO Charter was signed by 50 NGOs from Rijeka. This letter states that they agree with the proposed rules of financing their activities. Preparations continued for the next Plenum by organizing and nominating Committee members.

### **Economic Development (ED):**

- Direct technical assistance to Partner Local Governments for the preparation of Economic Development Strategic Plans (EDSP) is proceeding according to or ahead of schedule.
  - The City Council of Slavonski Brod adopted the EDSP that was produced in collaboration with the LGRP on 18 February. As many of the interventions included in the draft EDSP had been incorporated in the Budget for 2005, substantial progress has already been made in implementation of several interventions; especially those related to expansion of

the existing industrial estate and business incubator along with establishing a new industrial estate.

- A final draft of the Drniš EDSP was prepared by the Task Force and approved by the City Management Board in January. A public hearing was conducted on 18 February and, after revision to incorporate recommendations from the hearing, the EDSP was adopted by the City Council on 18 March. The USAID Director attended the Council meeting and lent support to the mayor and community to better manage economic development through the development of the strategic plan.
- In the Municipality of Gvozd, LGRP helped to facilitate the task force to develop a draft EDSP that was elaborated and refined during January and February and presented in a Public Hearing on March 1. The Plan was subsequently adopted by the City Council on 10 March.
- A somewhat different approach to finalizing the EDSP has been adopted by the City of Pakrac. In order to make the Pakrac EDSP more consistent with the Regional Operations Plan (ROP) now being prepared in Požeško-Slavonsko County, some of the EDSP terminology was revised to make it more consistent with standard ROPS terminology while still adhering to the EDSP planning methodology. Based on this experiment, the LGRP economic development team will revise the standard EDSP terminology in the future and provide additional training to LGRP-trained consultants to make the local government EDSPs as “ROPS-friendly” as possible. By adopting this approach to the language of the EDSP, the LGRP believes it will increase the likelihood of local government EDSP interventions being adopted for funding in counties where ROPs are being prepared and implemented.

A public hearing on the draft Pakrac EDSP was held on March 31. After revisions to incorporate some of the suggestions that emanated from a public hearing, the EDSP will be presented to the City Council for adoption on April 7 in its final meeting before elections in May. Due to this accelerated schedule, some of the supporting detailed action plans were not completed but it is expected that they will be finalized in April.

- In the City of Rijeka, because of the progress made to date in implementing both the first EDSP and the “Refreshed” version prepared in 2004 and the improving economic environment in the city, the city requested facilitation support from LGRP to conduct a major update of their EDSP after the elections in May 2005. In the meeting held on February 9, the Mayor, LGRP and USAID agreed to this facilitation support and agreed to define a detailed schedule of activities following the election.
- As mentioned above, the City of Karlovac requested the LGRP assist the City to implement the ED Model as the second model under the MOU for direct technical assistance. The schedule for implementation will be determined following the election.





- On February 9, ED Specialist Senka Remic helped facilitate the visit of the USAID Director to the City of Slavonski Brod, in which the city's recently adopted EDSP was discussed.
- On March 2, ED Task Manager Vesna Tomašević accompanied USAID and State Department representatives during their visit to Rijeka. She presented them Rijeka's EDSP and showed them various implemented interventions from the Rijeka Plan.
- On February 2, LGRP ED specialists Vesna Tomašević and Senka Ramic met with Professor Ivan Mencer from the Faculty of Economics, Rijeka University, to plan the next ED seminar for MPA program students.
- The ED team made extensive comments and suggestions on the draft Chapter of the Diagnostic Review related to the Local Government Economic Development, which has now been finalized.
- Linkage of the community-based EDSP with EU financing (pre-accession funds):
  - Based on its experience with EDSP and the ROPs, the LGRP economic development team assisted to formulate a proposal to USAID on how the LGRP could most effectively support the preparation of specific local government projects in order to access the available EU pre-accession funds.
  - During subsequent meetings with USAID and EU CARDS-funded ROPS technical assistance consultants, it was decided that LGRP would commit project resources of the Infrastructure Fund, a portion of which would be used to prepare Cost-Benefit Analysis of selected local government projects which have been included in the ROPS and which have been given a priority for implementation by the relevant Partnerships. At the beginning of the year, the LGRP identified a set of projects that are contained in the ROP and are priority projects; one such project is rehabilitation of a market in Gvozd while the other is a water project in Glina – both LGRP partner local governments.
  - While the Cost Benefit Analysis will be prepared by the LGRP Investment Project Packaging team, strong linkages will be maintained with the LGRP economic development model and the team that manages this work area. The LGRP has identified with USAID concurrence an expatriate to work on the analysis and has put in place an outreach program to identify a local consultant to work on the Cost-Benefit Analysis.
  - The LGRP will work to adjust the EDSP methodology/terminology to be as consistent as possible with EC/EU CARD's ROPs terminology.

#### **Information Management (IM):**

- The LGRP is providing direct technical assistance to the City of Vinkovci and a cluster of eleven municipalities around Okučani to implement the IM Model.

- LGRP collaboration with Vinkovci has led to successful implementation of most of technical aspects related to the model. In this City, a local area network system (funded from the local government budget, designed by LGRP, and constructed with LGRP supervision) was tested by the City technicians, resulting in several modifications. The City, working with LGRP technicians, configured a network of personal computers (PCs) to adapt them to the information management system. The latest version of the model was installed and is now being tested. The LGRP is planning a training program for all levels of users in April.
- In the cluster of eleven municipalities located around Okucani, the LGRP has worked with each municipality to install the model. LGRP technicians are now testing and modifying the model to overcome some location-specific technical problems. The model installed uses a new "duplex" system invented by LGRP, which does not require the user local government to have broadband Internet connection access. This allows a reduction of Internet costs to one tenth of previous levels, a major benefit to smaller municipalities.
- A workshop for the cluster municipalities, attended by their Task Forces, aimed to introduce necessary preconditions for installation of networks, server and the e-government model. Task forces were prepared to provide the organizational structure, technical structure, and local government domain. Municipalities also agreed upon several technical questions concerning the joint usage of server and usages costs. Subjects covered included:
  1. Presentations of e-government technical functionality and its costs
  2. Server possibilities and usage
  3. Domain, internet providers, usage costs
  4. Task force next steps
 The result of the workshop was several decisions on server storage and usage, cost-sharing between cluster municipalities and planning for the next task force meetings.
- A training workshop for cluster Municipalities, attended by all mayors and their assistants, focused on hands-on training on the new e-government model. The general workshop goals were to build capacity of public managers, to apply different e-government features, and raise awareness of the model's strategic possibilities.

For that purpose, in the training room, we installed computers for each municipality, a wireless network and a temporary server with the e-government model so the participants could get hands-on exposure to the model. The Workshop had the following agenda:

1. Presentation of e-government possibilities
2. Presentations of specific Intranet components
3. Training; usage of several Intranet components, with group tasks
4. Presentations of group tasks and general discussion

The result of the workshop was that all participants learned how to use at least four features of the model: virtual meetings, e-government surveys, one-stop-shop, and the e-government budget feature. Participants



also learned of other strategic applications of the e-government system.

- During the quarter, the LGRP made major technical software applications and improvements of the information management/e-government model and disseminated these improvements to local consultants. These included:
  - Introduction of three separate versions of the model; one specifically for municipalities, one for cities and one for counties.
  - A Public Budgeting Feature, which allows local governments to better involve the public in budget preparation discussions, has been completed by the LGRP technicians and is now installed in the model.
  - New chat communications features of the information model, with a new software server that supports usage by several local governments at the same time, was completed and installed in the model in all locations.
  - A project console for citizens where they can remotely work as a group concurrently work on documents, presentations, and communicating at the same time is implemented and now being tested.
  - LGRP is continuing work on a feature of the intranet so that senior managers (mayors, deputy mayors, and department heads) can monitor the efficiency of employees. This feature has been designed so that it also can remotely provide data to the LGRP regarding network usage, both internal to the local government and between the local governments and citizens.
- There are now four counties and 22 local governments fully utilizing the LGRP information management (e-government) system. This model allows local governments to avoid 6.1 million Kn. (around \$1.1 million) of system installation costs at market price and affects about 1,284,892 Croatian citizens. At present system utilization rates, the 26 local government users are also avoiding 1.2 million Kuna of operating costs per quarter (or about \$1 million per year). Benefits will increase with the implementation of the new version of e-government model at these local governments, and benefits will substantially increase when the current 12 installations participating in direct technical assistance with LGRP and 19 installations that are being implemented by LGRP-trained consultants are completed.

### **Asset Management (AM)**

- Direct technical assistance to implement the asset management (AM) model in Partner Local Governments is progressing according to or ahead of schedule.

- In the City of Karlovac, the Asset Management Task Force implemented formats for reporting on property, as well as researched organizational changes, as a part of the Asset Management Model implementation.
- The City of Karlovac adopted a new Ordinance on the business lease, which includes recommendations made to the task force. It is expected such an ordinance will be developed for housing issues as well.
- A final report on the implementation of the AM model in the City of Karlovac was prepared, as a summary of one year of technical assistance. The report covered all eleven activities of the model. The final presentation was made to the City Management Board on March 22, as of the completion of the LGRP consultants' current contract for direct technical assistance. To date, the Karlovac Task Force has inventoried over 3,500 assets which it either owns or manages; including 840,000 m<sup>2</sup> of buildings and 2,500,000 m<sup>2</sup> of land. Ownership has been clearly determined for about half of the inventoried assets and transitional issues (return of expropriated assets) are being aggressively addressed. About half of the assets have now been classified as either assets necessary for core city functions, for additional social functions or as assets to be managed on a business-like basis to generate maximum revenues. The Task Force is collecting necessary property-level financial data to be analyzed. There is great progress in managing their assets from the system that was in place before LGRP intervention; now the City of Karlovac manages assets in a more systematic and transparent manner, although full implementation of the model will take some more time. The Task Force is well organized and sufficiently trained in all 11 model steps to continue the work independently with limited assistance, particularly if the City creates an Asset Management Department, as planned. A presentation of these results to the City Council is scheduled for April 7.
- LGRP anticipates providing additional support to Karlovac after the elections to prepare a Comprehensive Asset Management Strategy over the following six months, a first ever in Croatia, to guide the long-term application of the model and serve as a model for other local governments.
- In the City of Split, the biggest city in Dalmatia, LGRP work with the Task Force has resulted in substantial progress in preparing an inventory of assets and in classifying them. Workshops were conducted on appraisal of property and development of operating statements for each property unit. Including previously implemented methodology of inventory; framework for policy concerning management of transitional issues and classification of property, the LGRP provided training for the first five steps of the model. Working with the Task Force, the LGRP identified actions and agreed to a detailed work plan, which would lead to the full implementation of these model activities. New achievements include a list of the City's land units, containing 12,490 land units, with their cadastral numbers, address, culture and size. In future work, priorities will be set for determination of the ownership, according to priorities: size of the land unit, position, and permitted use or else. While this process will be very time and resource consuming, it may represent one of the major outputs of the project.



- In the two clusters of eight municipalities around Vojnic and Đulovac, task forces expanded training on financial issues and included indirect subsidies. In implementing these activities, progress has been uneven among the participating municipalities. Vojnic is progressing very well, expanding inventory of property, applying appraisal and collecting operating results of properties. Municipalities with extremely limited staff resources require additional LGRP intervention and direct support to implement activities of the Asset Management Model. To adjust for this, the LGRP redesigned some of the standard asset management forms to make them more user-friendly for the smaller municipalities. For example, the LGRP redesigned a form to consolidate asset inventory and financial data in one simple form. The AM Task Manager, Hrvoje Bertovic, is providing direct one-on-one technical assistance to many of the other municipalities in order for them to adjust to the pace of group work in the cluster. Many issues that hinder achievement of full results are related to legal issues, such as unclearly defined national legislation. For this reason, a legal expert was hired to propose practical solutions to these issues. Results should be applicable to other local governments in the war torn areas (i.e. Areas of Special State Concern).
- Asset Management Participant Training to Germany (13-19 February)
  - The objective of this training was to expose Asset Management Task Force members from partner local governments (especially the Cities of Karlovac, Split and Varaždin and the Municipality of Vojnic) to innovative Asset Management practices in Germany.
  - Participants in a study tour implemented by World Learning visited Asset Management departments in two previously western German cities (Lubeck and Luneburg) and two previously eastern German cities (Rostock and Scherwin). This allowed the participants to observe organization and practices that have evolved quite differently; especially in the previously eastern German cities which had to address restructuring and adjustment from the socialist system including transitional issues (return of expropriated properties) similar to those faced by Croatian cities. The participant training centered on key topics related to the LGRP asset management model. Moreover, the training allowed Croatian local government officials to share their experience in implementing the LGRP asset management model, creating lasting professional relationships. As an immediate result, asset management task force members were exposed to the physical evidence directly related to the course of work in their local governments. In the City of Split, the head of the building management department initiated collection of financial and functional data for housing and business properties. Moreover, he supported the initiation of the inventory process of social, educational, cultural and sports facilities.
- The second edition of the LGRP Asset Management Manual was finalized and is ready to be printed. This new version of the Manual will be distributed to as many local governments as possible that demand information on asset management.

### Financial Management (FM) Model

- Direct technical assistance to Partner Local Governments to implement the financial management model and development of the new work areas is proceeding according to or ahead of schedule.
  - During this quarter, Eric Uggen, Bearing Point IT Consultant, completed his work on the design and programming of the Croatian Budget System (CBS). Eric incorporated automatic conversion of either an existing FAM or an existing automated accounting system structure into the design of the new system. The system has automated the conversion from one year to the next, minimizing the need for extensive reloading of information from one year to the next. Other benefits of the CBS include: automated connection to a Data Warehouse for downloading actual accounting data (this capability requires designing and implementing a data warehouse and adapting accounting records to the CBS format), improved tools for budget planning, fund accounting, improved report accuracy, and flexible reporting.
  - Eric Uggen and Gordon Yurich met with an LGRP partner city representative from Duga Resa to introduce and review the architecture, procedures, and system for incorporating accounting data into the CBS. Officials of the cities of Dubrovnik and Duga Resa had agreed that the new design would serve their needs. They were especially interested in automating transfer of accounting data that was not one of the features of the Financial Analysis Model (FAM). The financial management team plans to visit the City of Dubrovnik that is collaborating with the LGRP on development of the CBS and ensure this City has input to the finalization of the CBS before it is distributed to other local governments.
  - The team presented the CBS to officials of one accounting software development company (LibuSoft d.o.o.) that expressed great interest in the new financial analysis tool. The company committed the time of two programmers to study the techniques the LGRP developed and the feasibility of incorporating the CBS into their current installations (more than 140 local governments throughout Croatia.) If successful testing of the CBS proves the value of this approach, this company may take over the application. Other companies likely will also be interested. The LGRP plans to explore with existing software firms that provide accounting software the feasibility of disseminating the CBS to local governments. The team believes that implementation of the CBS should be through private software companies, to ensure that the system receives on-going maintenance and system updates.
  - During the quarter the cluster of municipalities surrounding Kistanja involved in the Program Budgeting and Transparent Budget training submitted their 2005-2007 budgets. This material is the first example of the effectiveness of the Financial Management Training in very small municipalities. It is clear for this exercise that officials were able to create minimum program budgets. Although the municipal staff indicated that they were interested in the Transparent Budget, especially the "Budget in Brief", none were submitted for our review. Follow-up meetings are scheduled with the municipalities to discuss problems and suggestions for improvement in training for smaller municipalities.



### **Performance Measurement (PM) Model**

- During the quarter, Gordon Yurich visited the cities of Glina and Crikvenica to provide on-site technical assistance and assess the training and implementation of the model by the task forces in each city. The purpose of the technical assistance is to encourage the teams to expand the model to all city departments. The City of Glina attempted to implement the model in all of its departments contrary to recommendation by the PM team. Consequently the format was consistent in all departments but did not match the recommended model. The task force members made suggestions to improve the training material.
- It is clear from the material that partner local governments submitted to the LGRP that their understanding of proper performance measures is incomplete. In addition, the officials are not satisfied with their first attempt. On a very positive note, the Glina task force said that council members were pleased with the new material. Members of the council said that this budget was understandable and that the improvements in the area of performance measurement helped. Task force members were please with the reaction from the council.

### **Public Procurement (PP) Model**

- John Finnegan, an international expert (under contract to Bearing Point) in the area of public procurement developed a number of forms and procedures for conducting both simple and complex tenders. LGRP's Miroslav Alilovic completed development of a set of policies, and instructional material forming the core of the reference material for the Procurement Model. The team began integrating both sets of material into a single package so that they can begin to develop the training material needed for implementation. This will be an interactive document that will have hyperlinks to appropriate forms, templates, worksheets, policies, and procedures. The LGRP has also employed a Croatian lawyer to review the procurement documents and procedures to ensure that they are consistent with Croatian law.
- The Procurement Model is designed to apply in any modern country, assuming good practices. These practices are consistent with EU principles and Croatian law. However, the details of the model must also support current law and anticipate possible amendments. The State Procurement Office continues to cooperate with the team and share current draft amendments as they become available. The Team presented the material to partner local governments and to the State Procurement Office for their review and comments. This material is considered draft until our partners can review and formulate their comments and suggestions. The team believes that the participation and cooperation of the State Procurement Office is necessary for full implementation of the model. The Team will continually update and encourage the State Procurement Office to understand the purpose and usefulness of the model.

- The State Procurement Office has a plan to conduct training and material especially through regional workshops. Promulgation of the model may best be disseminated through the State Procurement Office training program. The Team will plan on how best to disseminate the model when there is agreement regarding the material developed by the LGRP with the State Office.

### **Investment Project Packaging (IPP) Model**

- BearingPoint consultant, Michael Schaeffer, an international expert for Investment Project Packaging, returned to Croatia during the month of February and worked with LGRP's Zoran Svoboda, Local Investment Packaging Specialist, to complete draft worksheets designed to analyze local government creditworthiness and financial viability of proposed projects. The team presented seminars at all partner local governments covering basic IPP concepts and the new worksheets. The team described the information needed to complete the forms and explained why this type of presentation is helpful. However, it is clear that the local officials do not have a good understanding of these concepts and will require ongoing support from our team. Zoran Svoboda met several times with local counterparts to help them complete the spreadsheets for their investment projects.
- The team also has agreed to work with the EU Cards project with conducting Cost Benefit and financial analysis work needed for funding infrastructure project grants. This process must be coordinated through the Regional Operational Plans (ROPs) being developed in various counties. Zoran Svoboda has begun to collect the information needed for the projects in order to conduct the cost benefit studies. LGRP staff conducted these trips on an ongoing basis to Gvozđ and Glina (designated local governments where the projects are located). LGRP is in search of local consultants that are capable of carrying out Cost Benefit Analysis.
- The IPP team placed documentation that describes the forms of local government financing on the LGRP Website. The team collected this information from a variety of financing institutions over the past year. Although the team will have to keep this material up-to-date, it is now publicly available. The LGRP plans to disseminate this information through publication of a mini reference guide of financing options for local governments.

### **Organizational Development (OD)**

Direct technical assistance to implement the Organizational Development (OD) Model in the City of Slatina is progressing according to the schedule set in the Model Implementation Plan. The OD Model Team has continued implementing the steps of the Model Implementation Plan according to the following sequence:

- A comprehensive analysis of the results of the survey and interviews conducted among the Local Government employees was created in order to provide basis for the design of interventions that will be implemented in later stages of cooperation with the City of Slatina.





- Once the interventions were created, they were presented and proposed to the Mayor in Slatina in early January, as well as to the entire staff on January 20. The interventions include a series of workshops on the following topics:
  1. Strengthening the top management team (consisting of Mayor and four Department Heads);
  2. Organizational restructuring;
  3. Restructuring the rewards (performance based) system;
  4. Conducting effective meetings; and
  5. Performance management system.
- The LGRP conducted a one-day workshop with the Mayor, Deputy Mayor, and Department Heads (top management team) in March. This workshop resulted in a clear definition of the purpose of the management team, development of goals for the team, and a much clearer understanding of the role and functions of the top management team and why it is an essential ingredient of a well-managed local government.

A one-day workshop was conducted on the organizational restructuring on March 3. This workshop focused on the four City departments. Each department developed task-oriented goals (products and services they are responsible for) and its own group improvement goals. In addition, each department identified the organizational and management problems that it faces and suggested potential solutions. The main outcome of this workshop was the development of an identity for each department. In particular, the departments of Public Need and City Administration had never thought of themselves as departments before. This workshop was probably the first time these departments had the opportunity to reflect on how they function as distinct teams. LGRP work in developing this model is very well received by not only the Mayor but also all City officials who are employed in the local government.

## V. Training

### Support to Public Administration Training

- In March, LGRP management collaborated with Tom Cozzens (Cleveland State University adjunct professor working under subcontract to the LGRP) on how best to institutionalize LGRP management models at institutions of higher education. Tom Rogers, USAID, attended the meeting. During the meeting, the strategy to institutionalize the LGRP models was clarified with a focus on utilizing short certificate courses (along with introducing models in existing courses) that emanate from institutions of higher learning. During the meeting, Tom Cozzens presented the status of his work in the most promising universities such as the Zagreb School of Management, Rijeka University and University of Zagreb. More recently, he worked with the Zagreb School of Management to introduce LGRP developed curricula as part of existing and proposed course work.
- In order to better tailor LGRP training activities, LGRP decided to conduct survey of local government council members with USAID approval in advance of the upcoming local government elections. The LGRP CoP and DCoP met in March with Ivan Grdesic, of the University of Zagreb, on the approach

and methodology of surveying council members. The survey will capture the training needs of newly elected councilpersons – the results of which will be shared with the Office of State Administration for planning training under the proposed Local Government Democracy Academy, the Association of Cities and Municipalities, and local governments. The LGRP and Ivan Grdesic agreed to collaborate to implement the survey and conduct an analysis of the results of the survey. The LGRP will further support the survey and analysis process with its survey specialist, Victor Wekselberg, who will work with Ivan Grdesic to organize the survey administration.

- LGRP continued to be involved in assisting Rijeka University in conducting its Postgraduate Program on Public Administration. LGRP task managers communicated with university professors to discuss LGRP involvement in conducting seminars. For example, the CP task manager met in July with Professor Nenad Smokrovic from the Economics Faculty on the structure and preparations for the CP course. LGRP met also with Dean of the Economics Faculty, Ivan Mencer, to discuss a variety of issues, including the possibility of attracting more students to the program.
- In order to institutionalize training for local governments on an ongoing basis, LGRP was exploring possibility of supporting training providers, which specialize in training of local governments officials. This is considered as an important element of training market along with institutions of higher education. One of the possible activities in this area was LGRP securing cooperation with ODRAZ – an NGO that is providing different types of training for local governments. In order to identify opportunities, LGRP met with ODRAZ Director Lidija Pavic-Rogošic and discussed potential cooperation. Participants of the meeting discussed and agreed to explore options for the potential LGRP involvement including a series of training programs for local governments conducted by ODRAZ.

### **LGRP Twinning Program**

- In January, LGRP completed the second exchange in the Port Townsend–Porec/Umag/Rovinj partnership. Ten representatives from the three Istrian cities participated in the exchange that took place in Port Townsend on January 15 – 21, to continue the work on the selected topics of cooperation: (1) public-private partnerships, (2) illegal building and (3) 'shouldering' the tourist season and exploring possibilities for tourist development. Subsequently, the LGRP CoP traveled to each of the Istrian local governments to learn more about the results of the exchange, such as what could have been improved during this particular exchange and with the Twinning program in general. As a result, the CoP presented to USAID a new approach for future exchanges to take place such as the distribution of a frequently asked questions flier, more intensive pre-departure preparation, the inclusion of additional ICMA technicians as part of the exchange, and other program adjustments. Following the exchange with the City of Port Townsend, the City of Porec decided to withdraw from the LGRP Twinning Program but agreed to participate in other LGRP events.
- LGRP has also completed the second exchange between the Northeast Oregon Coalition for Economic Development (comprised of the cities of La Grande and Pendleton and Union County, Oregon) and the cities of Labin, Pazin and Buzet. The exchange took place February 25 – March 5, 2005. Nine representatives from the three Istrian cities traveled to the United States to continue the work on the



selected topics of cooperation. The areas previously selected for cooperation include: (1) development of an economic development strategic plan for each of the three Croatian cities, (2) development of a shared approach and strategy to marketing the region's advantages and assets and to foster a more pro-active cooperation and collaboration amongst the three cities and (3) providing information and advice to the NE Oregon Coalition in areas of special interest, such as the Croatian cities' strategies and programs for pre-school education/daycare and tourism development. The members of the partnership delegations created a joint Work Plan that describes the steps that need to be taken, as well as the resources, responsibilities and timeframe.

- Three representatives of the City of Monterey, California, visited Dubrovnik on March 7 – 11, 2005, as part of the first LGRP Twinning Program exchange between the two cities. Members of the Monterey delegation and their counterparts, including the Mayor, members of the City Board, Council and City administration, held numerous meetings and discussions, and agreed the cooperation to focus on the following topics: (1) extending the tourism season by creating vibrant year-round opportunities for events focusing on business conferences, sports and cultural activities, (2) examining Public/Private and City/County/Private Partnership opportunities that may stimulate cooperation and/or joint investments having a synergy beyond the sole capabilities of Dubrovnik and (3) comparing and contrasting public finances as a means of highlighting revenue and expenditure streams.

A Memorandum of Understanding, outlining the framework for the future cooperation between the cities as part of the USAID-sponsored Twinning Program was signed on March 9, 2005, by Ralph Frank, US Ambassador to Croatia, Dubravka Šuica, Mayor of Dubrovnik, Fred Meurer, Monterey City Manager and Dave Potter, Monterey County Supervisor.

- In March LGRP realized the second exchange between the City of Karlovac and Kansas City. Four representatives from the City of Karlovac traveled in the period of March 7 – 11, 2005 to the United States to continue the work on the selected topics of cooperation. The areas of collaboration include: (1) developing a two-chapter strategic development plan for the Commercial Zone and the Pool District in Karlovac, (2) designing a plan for the redevelopment of the formerly state-owned military barracks in the center of Karlovac that will enhance the City's strategy to attract new residents from neighboring jurisdictions, (3) improve the strategies of Karlovac for involving neighborhood groups in the process of public information dissemination and decision-making through replication on Kansas City's Livable Neighborhood Program  
The members of the two partnership delegations created a joint Work Plan that describes the steps that need to be taken, as well as the resources, responsibilities and timeframe.
- During the reporting period, following the twinning exchange between coastal Istrian local governments (Porec, Rovinj, and Umag) and Port Townsend,

### **LGRP Twinning Program in media**

- The Twinning Program between Istrian cities of Porec, Rovinj and Umag and Port Townsend, WA continued. Over the 14 to 22 January period, the Istrian delegation went on a return visit to Port

Townsend, Washington. The LGRP worked with the US Embassy to issue a press release announcing the event. The LGRP issued a Croatian version of the press release immediately after the English version became available through the Embassy.

- The LGRP media specialist, working with USAID, issued a press release on the occasion of Istrian officials' return from the U.S. to Buzet, Labin and Pazin under the LGRP Twinning Program. The Istrian local government received a substantial pre-departure debriefing by the LGRP, USAID and World Learning at the LGRP office. The Istrian local government officials will exchange experiences with their local government counterparts from the *Northeast Oregon Economic Development District*, an association of cities of La Grande and Pendleton and Union County, Oregon over the 25 February to 5 March period. A press release announcing this twinning exchange was issued at the U.S. Embassy web site on March 3.
- An exchange of local government officials between the cities of Dubrovnik and Monterey, California took place between 7 and 11 of March under the LGRP Twinning Program. LGRP organized a Press Conference in Dubrovnik after the signing of the co-operation agreement between USAID and City of Dubrovnik on March 9, U.S. Ambassador Ralph Frank, Dubravka Šuica, Mayor of Dubrovnik, Dave Potter, Monterey county supervisor and Fred Meurer, Monterey (with the USAID Mission Director William Jeffers in attendance) in Dubrovnik.
- The Karlovac – Kansas City, Kansas twinning continues as the 3<sup>d</sup> return/exchange visit takes place between Croatian and U.S. local government officials. From March 4 – 12, 2005 Karlovac city officials visited their counterparts from Kansas City, Kansas. The press release was drafted (English) and sent to USAID for US Embassy release on March 1. US Embassy released it on March 7.
- The LGRP drafted a Dubrovnik-Monterey twinning fact sheet/press release for USAID/U.S. Embassy in English and sent it to USAID and to the protocol officer (Zdenka Golušić) for the City of Dubrovnik. The same fact sheet was available for the press during the Twinning Exchange. On March 8, U.S. Embassy released a press release announcing the signing of the Dubrovnik-Monterey partnership agreement in Dubrovnik on March 9.
- Dubrovnik/Monterey Twinning received large scale media coverage with ten articles that appeared in all major national/regional/local dailies along with one TV broadcast (HRT program "Splitska panorama" (Thursday, March 10), two radio broadcasts, two Internet news (news portal Index.hr) and additional press clipping.

### **LGRP Media Outreach Component**

- LGRP launched a media outreach campaign that centered on its relationship with partner local governments. Working out of the Zagreb and Split offices, LGRP documented all the print, radio, and television reporting generated by the project. This included numerous press clippings and articles associated with the work of the LGRP.



- Suncica Pleština developed the format and content of the revised LGRP newsletter and worked to issue the second edition of the LGRP Newsletter. LGRP hired a local design firm to redo the layout based on comments by USAID, while LGRP staff and consultants worked to provide the contents of the newsletter. The second edition of the LGRP Newsletter was issued to all local governments in Croatia as well as other interested organizations and institutions.
- In January, the LGRP focused on launching its new web site ([www.urban-institute.hr](http://www.urban-institute.hr)). The LGRP worked on both structure and content of the web site as well as the design (structure done by Perpetum mobile and design/layout done by Bambi Bold). At the beginning of January, LGRP entered articles as part of the web site to finalize the English version of the site.
- LGRP's continuous effort to monitor the media continued. The LGRP Press Analysis in January for a nine month period between April – December 2004 showed the total of 153 articles published/programs broadcast (Newspaper/Print media: 119; Electronic media - TV: 5; Radio: 7 and Internet: 22) related to Project activities.
- Suncica Pleština updated the LGRP web site on regular basis focusing on the "News and Events", "Press Info" and "Publications" sections (in English only) by entering texts/articles, collecting information/photos, new documents for download, database (LGRP consultants), creating links, resizing photos, etc. The LGRP assigned Sonia Ignatova from Urban Institute in Washington as "English language editor."
- LGRP prepared nine success stories (prepared for USAID's success story database for quarterly reviews) to be used as basis for the new LGRP Newsletter, edition number three. Rebecca Lawrence (working out of the Urban Institute in Washington) edited the texts provided by the LGRP office. The LGRP plans to issue the Newsletter in April for dissemination to all local governments.
- The LGRP participated in the launch of the new monthly magazine for local and regional government 'MUNICIPAL', Issue 0, that took on March 19 (with a focus topic: City of Pakrac). This is an entirely new product in the Croatian media dedicated to local and regional government issues. The LGRP's Miljenko Šmit and Suncica Pleština were featured as columnists.
- The LGRP met with Dražen Klaric, executive editor and deputy editor of *Vecernji list*, to discuss the newspaper's sponsorship of the Best Practice Program. The newspaper editors agreed to sponsor the program as well as contribute toward promoting local government issues in upcoming editions of the newspaper. The newspaper assigned Nikola Sever Šeni to write one or more articles about the Best Practice projects.

## Other Activities

- On February 11, LGRP participated in the USAID Quarterly Review and presented two topics (at the request of USAID). One topic was a presentation of results of implementation of Asset Management

Model. The other topic was presentation of results of cooperation with CroNGO (in joint presentation with CroNGO representatives).

- In order to coordinate activities with other USAID funded projects, the LGRP Chief of Party (CoP) met on March 18 with the Chief of Party of USAID-funded Privatization Project. Participants of the meeting presented both projects activities and discussed potential cooperation. Possible areas for cooperation were identified, e.g. Privatization Project representative participation as guest lecturer in asset management workshop or Privatization Project sharing with LGRP examples of information campaigns conducted during tendering of State property.
- The LGRP economic development team met with Mary Miller, Banking Specialist of the USAID-funded ESP Project, to provide information on experience to-date in Croatia regarding credit lines to small and medium enterprises (SMEs). In particular, the LGRP provided information and contacts for the Local Economic Development Agencies (LEDA's) Guarantee Funds for which she expressed an interest. The LGRP management will arrange for a meeting with the Chief of Party of the ESP for the next quarter in light of the opportunity for collaboration across different areas of the project.
- The LGRP Chief of Party and Deputy Chief of Party met with USAID's project CTO, Tom Rogers, on a regular basis during the reporting period as part of the evaluation of the Project conducted by Ted Priftis with a commensurate refocus of project activities. During these meeting, Tom Rogers discussed ways in which project indicators could be constructed for the LGRP to better measure project outputs. These meetings were done in conjunction with a series of meetings by USAID staff assigned to the Project for the purpose of collecting data necessary to construct new project indicators.

## PROGRESS OF MAJOR ACTIVITIES

### Developing a Market for Local Government Consulting Services

As of March 31, 2005 LGRP-trained consultants have signed 94 contracts with 89 Local Governments to implement LGRP developed management models. In comparison with the previous reporting period, the number of signed contracts has increased for 25 percent.

With an increase in the total number of signed contracts, the share of Economic Development contracts as total of all contracts has dropped slightly from 57 percent in December 2004 to 44 percent in March 2005, but it still represents the dominant model within the confines of the LGRP Cost-Share Program. Information Management model is the second best represented model area with 20 percent share of total number of contracts, followed by Citizen Participation model with 15 percent share of total contracts.

Table: Overview of contracts signed for implementation of LGRP models

	Number of contracts as of March 2005	Share (%) as of Dec 2004	Share (%) as of March 2005
Asset Management	8	10	9
Citizen Participation	15	9	16
Economic Development	42	57	44



Finance Management	10	10	11
Information Management	19	14	20
<b>Total</b>	<b>94</b>	<b>100</b>	<b>100</b>

Cost-Share Program Phase II is open to all local governments, including Partner Local Governments and those that have participated in Phase I of the Cost-Share Program. Testament to the usefulness of LGRP developed models and quality of LGRP-trained consultants is supported by the fact that 19 local governments who participated in Phase I of the Cost-Share Program have subscribed to Phase II of the Cost-Share Program. These local governments have decided to either deepen models introduced during Phase I or introduce a new management model, therefore signing a total of 21 contracts with consultants.

Sustainability of the market is further supported by the fact that local governments on average are paying for 50.1 percent of total LOE (labor services) needed for implementation of the models, although they are required to pay minimum of 50 percent and are eligible for specific "privileges" (reductions in their share of the cost of labor services under the LGPR Cost-Share program phase II).

Increased sustainability of the consultancy market is further supported by the fact that under Phase II of the Cost-Share Program, Local Governments devoted 1.73 million Kuna for paying the labor services of LGRP-trained consultants. This figure is encouraging because it is seen as increased funding by local governments for consultancy services by 110 percent in comparison with the figures for local government contribution under the LGPR Cost Share Program Phase I. At the same time LGRP has decreased financial support by 11 percent in total funds allocated for the Program. Despite decreased LGRP funding, the number of Local Governments with signed contracts has increased by 18 percent from Phase I to Phase II.

Table: Comparison of actual funds allocated for consultancy services under Phase I and Phase II of the Cost-Share Program

	Phase I	Phase II	% change
Number of Local Governments	75	89	+18.7
Number of contracts	83	94	+13.3
Funds allocated by Local Governments for consultancy market	825,971 kn	1,733,935 kn	+109.9
Funds allocated by LGRP for consultancy market	3,572,161 kn	3,187,247 kn	-10.78

The number of contracts has evidently increased in March 2005. This is due to the fact that the end of Contracting phase of Cost-Share Program was planned for end of March 2005. LGRP has firmly announced end of March as the final deadline for submission of all contracts which, in effect, helped consultants to finalize negotiations with reticent Local Governments.

However, the LGRP has used almost all budget funds allocated to the Cost Share Program (Phase II) and would, ideally, like to conduct another Cost Share with much more strict terms for participation (such as LGPR paying only 20 percent share of labor services while the Local Government would commit 80 percent towards payment of the labor services of LGRP-trained consultants) to further support the market for local government consultancy services. Additionally, the new models that are being developed by the LGPR would need to be disseminated to a wider set of local governments (other than the existing LGRP Partner

local governments). In this regard, the LGRP will request for reallocation of project funds to support another Phase of the Cost Share Program in 2006.

Final evaluation of the Cost-Share Program Phase II will be carried out during April 2005. Based on this analysis, lessons learned and available funding LGRP will prepare strategy for further development of market for local government consultancy services in May 2005.

### **LGRP Work with Association of Cities and Municipalities (Savez)**

Below is a summary of the results of LGRP work with the Savez:

- LGRP/ICMA has gained the trust of SAVEZ secretariat and presidency; LGRP is making progress and helping SAVEZ on an institutional level, which other organizations and counterparts have not been able to do
- A cooperation agreement has been drafted between the State Administration Office and SAVEZ
- Decentralization was the main theme at the SAVEZ Annual Assembly
- Decentralization is a top priority (as presented by the Association of Cities) was added as the first item on the SAVEZ Strategic Guidelines for 2005-2010, which were adopted at the annual assembly
- The Government of Croatia has recognized SAVEZ and appointed SAVEZ representatives to the Decentralization Commission
- SAVEZ commented on the new Law on Local Self-Government; Mayor Obersnel believes the Government has recognized the SAVEZ as a contributor to existing and new legislation
- SAVEZ approach to standing committees has been revised and they will now include both elected and technical staff from local government; and a quarter million kuna have been allocated to this task and approved by the presidency
- SAVEZ has recognized the need to increase membership as a result of our work with them
- SAVEZ conducted a survey of all members asking them to prioritize issues for advocacy and reported results to the membership, which was an outcome of our work
- SAVEZ is working to improve their written communications – website, newsletter, and bulletin – in presentation/look, coordination, and content
- A new staff person was identified and hired as part of our proposal to increase human resources
- SAVEZ developed a new logo to increase their recognition

LGRP has recommended and begun to address all these areas of assistance earlier. It is very significant that SAVEZ has now requested the assistance — and it is anticipated from this that they are now more likely to contribute to sustainable progress.

- Thematic roundtable discussions to further explore issues important to local government; can inform their representatives on the Decentralization Commission and initiate development of policy statements (Confirmed by Mayor Obersnel at yesterday's meeting).
- Review/study prior to next annual assembly – how other associations elect/identify their board; and how decisions are made within the policy process – who decides, what is the process;





Presentation/explanation how decisions are made. LGRP is committed to assist the SAVEZ in this work and has proposed to provide concrete examples from several associations and to recommend options to SAVEZ. This will contribute to assistance in the area of association management.

- Media – help with improving their ability to conduct outreach
- Annual Assembly – Work to expand and make more effective the Annual Assembly so that members are able to contribute more, discuss with one another, and the event is ready for media attention
- New board orientation – preparation for and hands-on help with defining and articulating roles and responsibilities, and looking at the future of SAVEZ
- Direct assistance to the SAVEZ secretariat – communications, member services, association management
- Support/help from LGRP to identify good consultant/trainers – maybe even LGRP staff – who may be able to contribute to newly elected officials training and/or other presentations to their members

#### **DELIVERABLES AND REPORTS**

None.

#### **PROBLEMS OR DELAYS AFFECTING PROJECT PERFORMANCE**

Local government elections in Croatia are scheduled for May 15, 2005. Elections take place every four years and are based on proportional representation of candidates drawn from party lists. Prior to the elections, local governments conduct intensive campaigns. Campaigning is done at all levels of local government. As a result, partner local governments and other local governments have been less engaged with LGRP during the reporting period. The LGRP anticipates that local government involvement with elections might preclude a timely execution of work plans with each partner local government. Furthermore, the Project experienced difficulty in communicating with central government officials to advance the policy dialogue (especially as it relates to decentralization) due to the upcoming elections.

#### **WORK PLANNED FOR NEXT REPORTING PERIOD**

##### **Policy Dialogue and Reform**

- LGRP will maintain its relationship with the State Office for Public Administration and continue to provide assistance for three areas of interest: intergovernmental cooperation, and decentralization (the involvement of LGRP consultants in direct assistance depends on government decisions to proceed with above topics). The LGRP intends to conduct a presentation on the Operational Guidelines for the Decentralization Commission during the quarter and call for the first meeting of the Decentralization Commission.

- The LGRP will continue to provide assistance to the EC office on developing a terms of reference for the Fiscal Decentralization project under CARDS.
- The LGRP staff and consultants will plan to disseminate chapters of the "Review of the Legal Framework," or Diagnostic, and the "Implications of EU Accession for Local Governments." LGRP, in cooperation with its partners (Association of Cities and Municipalities, State Office for Public Administration, etc.) will conduct this dissemination effort as it will focus on various methods including round tables, and broad based media and public campaign.
- The LGRP will collaborate with the Institute of Public Finance to update sections of the Implications of EU Accession for Local Governments in advance of the local government elections.
- The LGRP intends to publish a brochure in the responsibilities and authorities of local governments in Croatia in advance of the local government elections. The brochure is intended for the general public and will be distributed through major newspapers.
- LGRP will promote the output of Best Practice Program for local governments through a wide dissemination effort to include major newspapers and other media. This work is planned in cooperation with the Association of Cities and Municipalities, State Office for Public Administration and Council of Europe.

#### **Advocacy of Local Government Interests:**

- LGRP will create a core group of journalists, local government media persons, and representatives of other organizations, who are interested in and willing to cover local government issues and conduct a workshop for them to educate them on local government issues (in advance of local government elections).
- LGRP will work with Savez to further disseminate information on Best Practice using national daily papers. This cooperation will contribute to increasing Savez capacity.
- LGRP working with ICMA/Virginia Municipal League consultants will build upon previous workshops on communications and help Savez improve its relations with members and media to improve visibility and effectiveness of their efforts and events.
- LGRP working with its contractor ICMA will work with Savez to identify topic, participants, facilitators, date and other relevant issues for implementation of a series of thematic-roundtables on critical local government issues (using the results of the joint LGRP/Savez survey of members as guide for topic selection). The LGRP anticipates three outcomes of the roundtable: 1) increased public awareness regarding this topic and 2) first Savez policy paper to be used for advocacy of local government issues; and, 3) input to the Savez members who are part of the Decentralization Commission.



- LGRP will explore with SAVEZ ways that it can better achieve its goals by forming appropriate coalitions of supporters and stakeholders (such as the Media, Parliament members, and other NGOs).
- LGRP will explore internal structure/decision making process in similar organizations to respond to Savez's request to restructure organization and streamline decision-making process.
- LGRP will work with ICMA/Virginia Municipal League to prepare content and logistics for new board orientation of the Savez, once elections have passed.

### **Development of a Market for Local Government Consulting Services**

- LGRP will conduct an analysis of the second phase of the Cost-Share Program (CSP) and consult with the LGRP-trained consultants on the next stages of its support to the creation of a market for local government consulting services.
- LGRP will conduct follow-up training for consultants in each technical area to evaluate the results of training courses and address training needs that have been identified by consultants and the LGRP team.
- LGRP will continue to build demand for LGRP management models. In this regard, using one example, LGRP plans to design and implement seminars on economic development for local governments in Dalmatia on a regional basis. These workshops will focus on the use of various economic development tools related to a strategic planning but will be limited in scope.
- The LGRP will launch a wide dissemination campaign to promote its management models to as many local governments as possible. This campaign might be managed by local firm complemented by the LGRP's own media outreach division (Zagreb and Split offices).
- LGRP will continue assisting the Association of Local Government Consultants with in-kind support and technical training. Some of activities planned are providing the Association with business skills and advice on sustaining its financial base.
- The LGRP will organize a general meeting of consultants including those that are members of HUKON and those consultants that chose not to be members.
- LGRP will provide technical oversight and support of local consultants that continue to implement one or more of the management models working under the Cost Share Program Phase II or at full cost.

## Technical Assistance

- LGRP will assess the impact of local government elections (such as a change of mayor) on its partner local governments and plan a strategy on how to advance work in light of the slowdown experienced in the pre-election period.
- LGRP management will visit partner local governments (and also other local governments that work with the LGRP in other components) in light of changes in the leadership of the local governments to newly elected majors and councilpersons.

LGRP will conduct ongoing workshops in its entire 47 partner local governments as part of direct technical assistance to implement one or more of the management models, e.g., a series of workshops for the Dvor citizen participation group, Dulovac asset management, etc.

- LGRP will continue its collaboration with USAID's Privatization Project by involving the staff of this project (e.g. as guest presenters at LGPR workshops) in its work in the area of asset management.
- LGRP will cooperate with the USAID Enterprise and SME Performance Project in the Benchmarking Exercise for foreign direct investment (FDI) related to facilitation and Industrial/Business zones in local governments.
- LGRP will continue assistance with the cluster of seven municipalities in the Sisacko-moslavacka county – implementation of the Citizen Participation Plans and development of *information tools* (e.g. newsletters, info boards, web sites and brochures, etc.), *communication tools* (surveys, neighbourhood council development, open council sessions etc.), and *partnership tools* (NGO/LG cooperation on public spaces, transparent financing of NGOs, development of agriculture cooperatives etc.)
- LGRP will continue its assistance to the City of Rijeka in citizen participation by implementing the partnership program tools – «*Mali uce velike*» (fundraising, new strategy development, promotion); and the *community foundation* (facilitate the start up process with business sector, LGs and NGOs; selection of the Board members, and registration).
- LGRP will work with its two consultants, Zdravka Vuckovac and Andreja Kralj to focus the work of implementation of citizen participation model in Koprivnica.
- Following the approval of the economic development strategic plans (EDSP) in Slavonski Brod, Drniš, Gvozd and Pakrac, LGRP will provide advice on developing appropriate organizations to manage implementation of the EDSPs, as well as establishing mechanisms for monitoring and evaluation of EDSP implementation. To the extent possible, LGRP will provide information and referrals to local governments on what technical, training and financial resources are currently available to them to support implementation of their priority interventions.
- In Rijeka, LGRP will initiate facilitation of an updated economic development strategic plan for the City of Rijeka (at the request of the City).



- The Guidelines for Local Government Support for Agriculture-related Development will be sent to ACE, RIEDA and other interested projects for comment and suggestions and the document finalized for distribution to local consultants and local governments with economic development plans.
- The Guidelines for Monitoring and Updating Economic Development Strategic Plans will be disseminated to local consultants and all local governments.
- Modifications of the Economic Development Manual will be made to make the EDSP as consistent as possible with the terminology used in the ROPs, without modifying the underlying EDSP methodology.
- Since Karlovac selected the economic development model as its second model to be implemented under the MOU, LGRP will begin work during this quarter to collaborate with the City on implementation.
- In Karlovac, LGRP will provide limited technical advice, as required by the Task Force, to continue implementation of the asset management model. LGRP stands ready to provide additional consultant support to assist Karlovac to develop a Comprehensive Asset Management Strategy.
- LGRP plans to advance its work in the area local economic development by proceeding with work on the Guidelines related to SME and Tourism Development. LGRP will prepare scopes of work for the development of the Guidelines and discuss them with USAID and other contractors.
- In Split, through a continuation of the bi-weekly workshops, LGRP will provide assistance to further elaborate the inventory, complete classifications, collect property-level financial data and provide training to the Task Force through a limited number of applied examples of valuation and financial analysis.
- LGRP will facilitate an informational exchange between the City of Karlovac and the City of Split regarding strategies, technical approaches and organizational arrangements to more effectively implement the asset management model in both cities.
- In the clusters of eight municipalities around Vojnic and Đulovac, LGRP will continue training and technical with a somewhat different approach. Using examples based on the good progress of Vojnic, a presentation will be made to the mayors of all participating municipalities to demonstrate what municipalities are capable of doing. All municipalities will then be required to submit adequate sample inventory and financial data and then use the data for applied exercises to demonstrate that they do indeed adequately understand all of the basic concepts of the AM model. Should the municipalities demonstrate sufficient initiative, LGRP will provide continued but limited one-on-one technical assistance, as required, in addition to continuation of the cluster training.
- LGRP will disseminate second edition of the Asset Management Manual

- A detailed analysis of the legal bases for local government Asset Management will be completed and a draft manual will be under preparation.
- Following final installation and testing of the system, LGRP will present the e-government model in Vinkovci to the entire city in a workshop in April. LGRP will conduct extensive training according to the agreed upon plan.
- Following final testing of the system, the e-government model of the 11 municipalities around Okucani will be officially presented to the mayors in a workshop in April. LGRP will conduct extensive training according to the agreed upon plan.
- LGRP will complete technical improvements to the WA model to introduce the Organizational Monitoring system and installed these in all existing user systems.
- LGRP will modify existing local and regional e- government systems to support new requirements for reporting of USAID indicators.
- LGRP will continue modifications of the information model coding according to new standards of the World Wide Web Consortium (W3C) to keep the model abreast of current technology.
- The financial management team will Introduce the CBS in Dubrovnik, make corrections in the system as it is being tested, and document the process of installing the system and operating it
- The financial management team will follow-up and providing assistance to the cluster of municipalities implementing Program Budgeting and Transparent Budgeting in Kistanje.
- The financial management team will finalize the Procurement Model training plan and begin to conduct training in partner local governments
- The financial management team will finalize the Investment Packaging Model training and begin to conduct training in partner local governments
- Gordon Yurich, working with local staff and short-term consultants, will work on how to disseminate the new management models (Procurement Processes, Performance Measurement, and Investment Projects Packaging) of the project. This work will involve a concerted effort on the part of short-term expertise through BearingPoint and Urban Institute staff and consultants.
- The finance management team plans intensive support for the Kistanje cluster during the next quarter.
- Gordon Yurich will work with the three partner cities, Split, Crikvenica, and Glina to implement the system of performance measurement presented in the training. On-site collaboration will include reviewing progress to date and providing suggestions to improve the program objectives and performance measures.



- The investment project packaging (IPP) team will conduct discussions with partner local governments' Task Force members about a mode of roll out to other local governments.
- The IPP team will include requirements for EU financing in greater depth as part of the model.
- The LGRP will conduct a one-day workshop for the management (TMT) of the City of Slatina in April to analyze TMT functioning since the interventions had been implemented. The workshop is intended to help the TMT to restructure the reward system so there is a direct link between job performance and the reward.
- LGRP will conduct a one-day workshop on effective meetings for all employees in the City of Slatina as part of OD model implementation. The workshop will focus on information sharing (both inside and between departments) and agreements on what information to share and how often to have regular staff meetings.
- LGRP will conduct a series of workshops on performance management for all employees in the City of Slatina as part of OD model implementation. This workshop will focus on creating understanding of what performance management is and build the skills among the staff to implement it.
- LGRP will implement a one-day workshop on coaching for members of management in the City of Slatina as part of OD model implementation. The workshop will build on the previous work and focus on developing and strengthening coaching skills among the supervisors in order to improve their managerial capacity.

## Training

- LGRP will continue to support Postgraduate Public Administration Study at the University of Rijeka with seminars of LGRP models conducted by LGRP task managers and continue to explore the adoption by other institutions its management models.
- Tom Cozzens will travel to Croatia to continue work on advancing the LGRP models as part of existing curricula in institutions of higher learning in Croatia.
- LGRP staff with assigned USAID staff will travel to Dubrovnik to initiate work to incorporate LGRP models as part of curricula of the American School of Business and Management.

**ATTACHMENT**

Cost Report